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UNCLAS SECTION 01 OF 05 ADDIS ABABA 002262

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SUBJECT: FOOD CRISIS WORSENS AS RELIEF CHALLENGES PERSIST

REF: ADDIS 1943; ADDIS 1926; ADDIS 1961

SUMMARY

1. (SBU) After almost a year of sustained U.S. and donor engagement with the Ethiopian Government (GoE) to respond to the growing food crisis, the GoE appears intent on obfuscating the facts on the ground and is unable or unwilling to support the humanitarian response. Rather than openly acknowledging the extent of the problem and expediting or facilitating relief, the Prime Minister's Office, Disaster Prevention and Preparedness Agency (DPPA), and customs officials continue business as usual with little sense of urgency. An assessment of the short "belg" rains suggests that nearly ten million Ethiopians now require food relief, but the GoE has yet to announce a new appeal and has prohibited the release of donor estimates of numbers in need. DPPA is yet to engage adequately to implement a hub-and-spoke system to facilitate food distribution in the Somali region which the Deputy Prime Minister approved on July 16. It is clear that the drought, failure of seasonal crops, large loss of livestock, and hikes in market prices have inflicted a devastating impact upon livelihoods for at least 15 percent of the Ethiopian population.

2. (SBU) Embassy Addis Ababa continues to engage GoE officials to encourage them to better implement their commitments toward more effective relief distribution. USAID Mission Director recently met with the Deputy Prime Minister (DPM) and the visiting WFP Chief Logistician to press for more expeditious action on logistics and access to respond to needs of the affected populations, especially in Somali region. Sustained GoE impediments continue to prevent us from assessing humanitarian conditions in the Ogaden, and with the onset of drought, again thrust us onto the verge of preventable widespread malnutrition and loss of life in Ethiopia. Without continued high-level engagement to ensure GoE implementation, our diplomatic efforts and massive assistance will still fall short of

saving lives. End Summary.

BELG ASSESSMENT: NUMBER AT RISK DOUBLES

13. (SBU) Despite the clear failure of the belg rains, the GoE announced on June 12 that 4.6 million Ethiopians were in need of food relief assistance. Joint Ethiopian and donor teams conducted field visits in early July to assess the belg harvest performance and its implications for people at risk. The GoE has yet to release the formal revised figures, but assessment team members suggest that over 10 million Ethiopians now need relief assistance. The Disaster Prevention and Preparedness Agency (DPPA) advised assessment mission participants not to release figures from their teams' specific findings.

14. (SBU) Donors expect the GoE to release an updated appeal in coming days noting between 8.9 and 9.4 million in need of food relief assistance. The initial belg assessment readout for Somali region increased the number in need from one million to almost two million with a stern warning that another million would need assistance if immediate action is not taken. These figures do not include the 5.6 million Productive Safety Net Program (PSNP) beneficiaries previously noted as being in need of additional assistance. As the country required 591,333 MT of relief food to accommodate the previously announced 4.6 million beneficiaries, this doubling of the number of people in need will certainly increase Ethiopia's relief food needs by several hundred thousand tons.

A STOP AND GO RESPONSE

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15. (SBU) Each month, the DPPA sets the relief food allocation figures for each food receiving woreda. In recent months, however, the trend has been for these allocation figures to only be released around the 20th of each month. Food is then dispatched to destination woredas for the next roughly ten days. By the end of the month, the process stops, no additional food is dispatched. Dispatched food does continue to be distributed to beneficiaries in areas that have received their dispatches. Woredas lower on the priority list, to which allocated food has not been dispatched by the end of the month, however, do not receive food. The hiatus in dispatching new food is then only resumed when DPPA sets the next month's allocation around the 20th of the month. In light of such stammered food distribution dynamics and the pipeline shortfalls resulting from the depleted EFSRA warehouse stocks, relief agencies and the GoE have agreed to reduce the monthly per person food ration to approximately two-thirds of the standard ration to help spread available food further. The July emergency food allocations in Fik, Warder, and Jijiga zones in Somali Region were cancelled. Fik and Warder did receive a June food allocation, but there has not been a food delivery in Jijiga since April.

SOMALI REGION: A STICK IN THE SPOKES (AND HUBS)

16. (SBU) On July 16, the Ambassador and USAID/Ethiopia Mission Director secured the Deputy Prime Minister's (DPM) agreement for the establishment of a "Hub and Spokes" food distribution scheme in the Somali region (Ref. C). The system, recommended by the U.S. Humanitarian Assistance Team (HAT) since February and long sought by the WFP, would establish forward warehouses for relief supplies in Gode and Degehabur (the hubs), from which a series of localized distribution "spokes" would stem. In response to the DPM's agreement, the GoE and donors established a Somali region Special Committee on July 16 composed of representatives from DPPA, USAID, and two NGOs to direct operational aspects of implementing the hub and spoke system. The GoE, however, has so delegated representation at Special Committee meetings that GoE representatives are unwilling to make any decision or commitment without later again vetting the issue with superiors. This dynamic has severely hindered progress of the Committee. At the same time, over the past month the central government has reneged on commitments by the Somali regional government and denied WFP requests to rent land or establish

warehouse space in Gode which would be the foundation of the western hub. WFP has analyzed the situation in getting food both from the port and delivered to the hubs and is optimistic that there is sufficient internal trucking capacity. WFP has offered to bring in long-haul trucks from Sudan if the delivery from the port cannot be managed by local transport.

¶17. (SBU) In a further step in impeding relief in Somali region, the GoE announced on July 23 a new list of 13 NGOs authorized to expand operations in the Somali region. Notably, several NGOs currently-active in providing humanitarian relief in Somali region -- including MSF-Holland and Switzerland and Action Contre la Faim -- are excluded from the GoE's latest list of endorsed NGOs. DPPA refuses to discuss allowing the operation of any NGO beyond these 13, but in the absence of a formal GoE direction otherwise, the UN's Office for the Coordination of Humanitarian Assistance (OCHA) has advised other NGOs currently operating in the region to continue with on-going activities.

#### CONTINUING ACCESS AND INFORMATION CONSTRAINTS

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¶18. (SBU) While the GoE has maintained recurrent access restrictions on the media, international community, and NGO partners for the

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Ogaden areas of the Somali Region over the past year, over the past two months it has also begun blocking information on the extent of the drought. Following the release of several drought stories in major international newspapers in June, GoE authorities have informed humanitarian and food relief providers not to share information about the drought or their activities with foreigners or the media (Ref. B). Implementing partners have also been advised not to permit the photographing of drought-affected individuals or animals. Afraid that disclosure could jeopardize the continuation of their activities, implementing partners have begun telling U.S. Mission officials that they cannot share information with us about even USG-funded drought response activities at the local level. GoE security officials threatened international NGO staff members, including from MSF-Switzerland, on June 8 with expulsion from Ethiopia if they made any report of the humanitarian situation to the press. Further, instead of granting long term work permits for international NGO staff members as stipulated in project agreements with NGOs, in at least some cases the GoE has instead approved only non-renewable six-week work authorizations for international staff, thus impeding continuity of operations.

#### BORROWING FROM RURAL PETER TO SUBSIDIZE URBAN PAUL

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¶19. (SBU) Learning lessons from previous droughts, Ethiopia formally established an autonomous Emergency Food Security Reserve Administration (EFSRA) in 1992 to maintain warehouses of pre-positioned relief food to be dispatched quickly with the on-set of drought. EFSRA has warehouse capacity of 405,000 MT. The Reserve was established with contributions from donors, WFP, and NGOs. Over the past two years, the Ethiopian Grain Trading Enterprise (EGTE) has "borrowed" over 208,000 MT of relief food, from the EFSRA to distribute at subsidized rates to the urban poor. (Note: As donors and technical advisory committee members, both USAID and WFP have repeatedly raised concerns over loans to EGTE for non-emergency purposes and about overdue loans to EGTE and opposed the final 40,000 MT loan. End Note.) As a result of this borrowing, EFSRA stocks were largely depleted as the current drought surfaced. Entering June with a balance of only 23,000 MT, EGTE's "borrowing" from EFSRA left Ethiopia's 4.6 million in need subjected to pipeline breaks and overwhelmingly reliant on new shipments of relief food. Although the EGTE has maintained food stores in its own warehouses, it has refused to use these to "repay" the EFSRA as the price of food today is much higher than it was when the food was borrowed. It has, however, offered to sell its stocks to donor countries at current market prices.

¶10. (SBU) On August 5, a USAID FSN observed approximately 50 MT of USAID-provided wheat in EGTE stores for sale at roughly one-third of the prevailing market price. The food remained packaged in branded

USAID bags which were clearly marked "not for re-sale." Bag lot numbers revealed them to be from a recent shipment of food intended for drought relief, raising concerns about possible diversion in clear violation of USG regulations.

¶11. (SBU) Because of the effects of hyper food inflation (Ref. A) in the restive, relatively pro-opposition urban centers, the GoE decided in late May to import 150,000 MT of wheat to distribute at subsidized prices in twelve cities throughout the country. This food, which the EGTE announced on August 7 has begun arriving in country, will also not be used to "repay" the EGTE's debt to the food security reserve despite the 216,400 MT shortfall in relief food that the initial 4.6 million beneficiaries face. (Note: The 216,400 MT shortfall is valued at U.S. \$176 million and includes a 136,400 MT shortfall of mixed commodities for relief, 68,000 MT of cereals for the PSNP, and 12,000 MT of blended foods and oil for therapeutic supplementary feeding. End Note.) Although the GoE has

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now diverted 700 of the approximately 1,500 trucks dedicated to relief efforts, WFP does not feel that this will interrupt their operations at this time. There is, however, concern about the adequate availability of trucks during the peak in September when WFP, USAID, PSNP, and EGTE are expecting large shipments of food. EGTE is expecting 150,000 MT of grain, 60,000 MT in August and 90,000 MT in September for delivery to EGTE stores in urban centers.

#### USG AND DONOR EFFORTS TO OVERCOME GOE OBSTACLES

¶12. (SBU) Sustained USG engagement on the Somali region crisis and drought has proven critical to break the logjams in securing a GoE response. The DPM's agreement to establish a hub and spoke scheme on July 16 is another example. The past 15 months, however, have shown that while senior engagement is necessary to secure broad GoE commitments, such commitments are not necessarily implemented without constantly bird-dogging the process. Recognizing the challenge, WFP has deployed its Deputy Chief Operating Officer Ramiro da Silva to Ethiopia for most of August. USAID Mission Director joined Mr. da Silva's meeting with the DPM both to press the DPPA to expedite decision making and implementation, particularly to move forward with the hub and spoke scheme as well as NGO approvals and WFP access for monitoring. Surprisingly, (and somewhat contradictorily) the DPM himself agreed and bemoaned the problems with the DPPA and Somali regional government, both of which he himself has disempowered and weakened. The DPM also expressed his doubt that the belg assessment numbers of Ethiopians in need of relief are correct, arguing that regional governments were inflating figures to get additional resources.

¶13. (SBU) USAID's Mission Director also raised WFP/Ethiopia's own logistics shortfalls with Mr. da Silva. In an effort to elicit more senior GoE representation on the Somali Region Special Committee, USAID Mission Director and USAID staff participated in a recent meeting pressing for action on NGO approvals, etc. and recommending that heads of various UN and donor agencies begin participating to raise the level of the Committee meetings. Post briefed Health and Human Services Secretary Leavitt on the situation and Secretary Leavitt pressed Prime Minister Meles on August 11 to expand humanitarian access and facilitate deliveries in response to the drought. These steps will likely create greater engagement to move the GoE toward improving relief efforts. Still, the continued engagement of the Ambassador and USAID Mission Director, the September visit of USAID/DCHA Assistant Administrator Hess and Food For Peace Director Borns, and engagement by other senior Washington officials will likely be required to secure sustained GoE momentum in responding to relief needs.

#### COMMENT

¶14. (SBU) While the GoE's impediments to the provision of humanitarian relief are likely borne more out of pride than malice, the impact on the needy is the same. Recent press interviews suggest that the GoE is focused more on retaining potential

investors than responding to humanitarian needs. On August 6 Prime Minister Meles told TIME magazine that the impressions of hopelessness caused by the food emergency "might do lasting damage given that investors make their assessments on the basis of the 24-hour news cycle." The Prime Minister seemed more intent on attracting investors in his August 5 interview with the L.A. Times, in which he argued that the "emergency is occurring in an environment of spectacular success in agriculture...the vast majority of farmers have never had it so good."

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¶15. (SBU) It is clear that constant USG and donor prodding on the implementation of the commitments secured is just as crucial to relieving the suffering of the 10 million Ethiopians at risk. In the short term, Post continues to engage GoE officials at the senior-most levels to move expeditiously to facilitate the delivery of relief goods. We encourage all visiting USG officials to do the same. While safeguards and lessons learned from previous droughts could mitigate humanitarian crises, they are only as good as they are implemented. In the absence of agricultural market reforms and GoE respect for EFSRA safeguards, we will be unable to break the cycles of Ethiopian famines and U.S. bail-outs. End Comment.

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